

Message Text

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INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY REYKJAVIK

AMEMBASSY STOCKHOLM

USMISSION NATO

S E C R E T SECTION 1 OF 2 OSLO 4418

EXDIS

E.O. 11652: GDS

TAGS: AGS, PFOR, NO, UR, SV

SUBJECT: U.S. EVALUATION OF STEPS TO STRENGTHEN NORWEGIAN
SOVEREIGNTY

REF: A) STATE 197924; B) STATE 192477; C) OSLO 4261

SUMMARY. THE U.S. GOVERNMENT'S DECISION TO RESERVE ITS RIGHTS
ON THE SVALBARD CONTINENTAL SHELF PUTS OFF A FINAL DECISION
ON THE ISSUE TO WHETHER THE SHELF FALLS UNDER THE 1920 SVALBARD
TREATY, AND GAINS SOME TIME. BUT IT ALSO CREATES SOME
UNCERTAINTIES ABOUT OUR INTENTIONS AND FUTURE COURSE OF ACTION.
THE NORWEGIANS WILL SURELY BE ANXIOUS ABOUT THE DECISION'S
IMPLICATINS FOR THEIR LONG-TERM MANAGEMENT OF THE ARCHIPELLAGO
AND THEIR UPCOMING CONTINENTAL SHELF NEGOTIATIONS WITH THE USSR.
THEY WILL BE ACTING IN THE MANTIME TO SOME EXTENT UPON HOW
THEY PERCEIVE OUR FINAL DECISION. WE BELIEVE THE SOONER WE
CAN REACH THAT DECISION, PARTICULARLY IN CONJUNCTION WITH OTHER
STEPS TO IMPROVE RELATIONSHIPS ON SVALBARD, THE BETTER WE WILL
BE ABLE TO FURTHER U.S. INTERESTS THERE. THIS CABLE SEEKS TO

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SE OUT THE LIKELY IMPACT OF OUR RESERVATION ON THE NORWEGIANS

AND OUTLINES SOME ADDITIONAL ACTIONS WE MIGHT CONSIDER TAKING BEFORE AND AFTER OUR FINAL DECISION IS TAKEN ON THE SHELF MATTER. END SUMMARY.

1. IN ADDITION TO EMBASSY'S SUGGESTIONS ON CONTENTS OF THE PROPOSED NOTE TO NORWAY RESERVING SVALBARD CONTINENTAL SHELF RIGHTS CONTAINED EMBTEL 4261, WE WISH TO COMMENT ON SEVERAL ASPECTS OF THE THOUGHTFUL AND WELCOME INTERAGENCY ASSESSMENT OF THE STATUS AND SIGNIFICANCE OF RECENT DEVELOPMENTS ON THE ISLANDS. WE WOULD AGREE (REFTEL PARA 5) THAT THE SPITSBERGEN AIRPORT AND THE UPCOMING NEGOTIATIONS OVER DIVISION OF THE BARENTS SEA ARE SIGNIFICANT NEW ELEMENTS IN THE SVALBARD PICTURE, REFLECTING THE CONFLUENCE OF COMMERCIAL AND SECURITY INTERESTS IN THIS HITHERTO QUIET AREA. THE REFTEL ANALYSIS DOES NOT CONSIDER HOWEVER, THE EXTENT TO WHICH THE U.S. AND POSSIBLE UK DECISION TO RESERVE RIGHTS ON THE SVALBARD CONTINENTAL SHELF IS, IN ITSELF, A SIGNIFICANT NEW FACTOR WHICH CANNOT HELP BUT AFFECT THE ATTITUDES AND POLICIES OF NORWAY, THE USSR AND OTHER COUNTRIES WITH INTERESTS IN THE AREA. THE STEPS THESE OTHER COUNTRIES TAKE TO PROTECT THEIR INTERESTS, WILL, IN TURN, IMPACT ON OUR LONG-TERM COMMERCIAL AND SECURITY CONCERNS IN THE SVALBARD/BARENTS SEA REGION. THIS ASPECT OF THE QUESTION HAS POLICY IMPLICATIONS WHICH WE DISCUSS BELOW.

2. THE NORWEGIANS MAY BE GRATIFIED AT OUR ASSURANCE THAT WE WILL NOT EMBARRASS THEM IN CONNECTION WITH THEIR UPCOMING NEGOTIATIONS, BUT THEY WILL BE DISTURBED OVER THE IMMEDIATE AND LONGER-TERM IMPLICATIONS OF OUR POSITION--BOTH OUR CONTENTION THAT SVALBARD HAS A LEGAL CONTINENTAL SHELF OF ITS OWN AND OUR UNWILLINGNESS TO CONCEDE NORWAY ABSOLUTE SOVEREIGNTY OVER THE ENTIRE SHELF BETWEEN THE MAINLAND AND SVALBARD. IN NORWEGIAN EYES, OUR POSITION (A) CHALLENGES NORWAY'S SIMPLE SOLUTION FOR ENSURING TRANQUILITY IN AN AREA OF EVER-INCREASING SECURITY INTEREST TO THE USSR; (B) INCREASES THE LIKELIHOOD OF DIFFERENCES WITH ALLIES BECAUSE OF CONFLICTING COMMERCIAL INTERESTS; AND (C) REDUCES THE BARGAINING LEVERAGE NORWAY HOPED TO HAVE IN THE UPCOMING NEGOTIATIONS WITH THE USSR BY AN UNCHALLENGED RIGHT TO CONTROL OIL DRILLING OPERATIONS BETWEEN THE MAINLAND AND SVALBARD.

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3. THE NORWEGIANS WILL BE CONCERNED ABOUT WHAT THEY REGARD AS THE DESTABILIZING EFFECT OF POSSIBLE INCREASED INTERNATIONAL INVOLVEMENT IN THE SVALBARD AREA, NOTABLY THROUGH PRESSURE IN THE FUTURE TO LOCATE OIL RIGS ALONG SEA LANES CONSIDERED VITAL BY THE USSR FOR ITS SECURITY. THEY CLAIM THERE WOULD BE LESS DANGER OF INCIDENTS, OR SOVIET PRESSURE, IF ALL COMMERCIAL ACTIVITY IN THE AREA WERE UNDER NORWEGIAN CONTROL, AND ARGUE THAT THIS ARRANGEMENT WOULD BE IN THE INTEREST OF BOTH SUPER POWERS.

WE UNDERSTAND THE RUSSIANS HAVE PLAYED ON THESE SENSITIVITIES BY ATTACKING FOREIGN COMMERCIAL ACTIVITY IN THIS AREA. TO THE EXTENT THE NORWEGIANS REMAIN CONVINCED THAT FOREIGN OFF-SHORE OPERATIONS ARE A DESTABILIZING FACTOR IN THE BARENTS SEA AREA, THEY WILL BE INCLINED, (A) TO MAINTAIN THEIR POSITION ACCORDINGLY THAT THE MINERAL RIGHTS OF SIGNATORY POWERS TO THE SVALBARD TREATY STOP AT THE 4 MILE TERRITORIAL WATER LINE, I.E. THAT SIGNATORY POWERS HAVE NO RIGHT TO EXPLORE OR DRILL ON WHAT NORWAY CLAIMS IS AN EXTENSION OF ITS OWN CONTINENTAL SHELF, (B) TO TRY TO GIVE STATOIL A MONOPOLY TO OPERATE OIL DRILLINGS RIGS IN THIS AREA. TO RESOLVE THE LEGAL ISSUE OF THE SHELF THEY WOULD PROBABLY BE PREPARED TO TAKE THE SVALBARD SHELF ISSUE TO THE WORLD COURT, WHICH COULD BLOCK OR DELAY EXPLOITATION ACTIVITIES THERE. EVEN IF THE WORLD COURT RULED AGAINST THEM THEY COULD ALSO DELAY AWARDED AUTHORITY FOR EXPLOITATION BY HOLDING UP PROMULGATION OF ADEQUATE OFF-SHORE MINING REGULATIONS, WHICH DO NOT PRESENTLY EXIST. ANY OF THESE ACTIONS WOULD OPEN UP DIFFERENCES BETWEEN NORWAY AND COUNTRIES INTERESTED IN EXPLOITING THE SVALBARD SHELF RESOURCES.

4. THE QUESTION OF WHETHER SIGNATORY POWERS ARE LIMITED STRICTLY TO MINING AND OTHER ACTIVITIES "IN THE TERRITORIAL WATERS," AS CITED IN ARTICLE 3 OF THE TREATY, HAS BROAD IMPLICATIONS, THE NORWEGIANS POINT OUT, FOR THE EXERCISE OF THEIR SOVEREIGNTY ON SVALBARD IN THE FACE OF SOVIET PRESSURE. NORWAY MAINTAINS THAT ITS SOVEREIGNTY IS ABSOLUTE (E.G. IN THE DISPUTE OVER CONTROL OF THE AIRPORT) EXCEPT WHERE EXPLICITLY LIMITED IN THE TREATY. MOSCOW CONTENDS THAT THE RESTRICTIONS ON NORWEGIAN SOVEREIGNTY CITED IN THE 1920 TREATY ARE ILLUSORATIVE ONLY. OUR RESERVATION WOULD LIKELY IN THEIR EYES TEND TO STRENGTHEN THE SOVIET ARGUMENTS

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5. ON BALANCE, OUR RESEVATION MAY ALSO AFFECT NORWAY'S POSITION IN THE UPCOMING NORWEGIAN-SOVIET CONTINENTAL SHELF NEGOTIATIONS. NORWAY COULD POINT TO OUR RESERVATION, IF IT CHOSE, TO WARN MOSCOW THAT ANY BOUNDARY DRAWN TO THE WEST OF A MEDIAN LINE BASED ON THE 1958 CONTENTAL SHELF CONVENTION WAS LIKELY TO BE CONTESTED BY ANY SIGNATORIES OF THE 1920 TREATY WHICH CLAIM RIGHTS ON THE SVALBARD SHELF. NORWEGIAN OFFICIALS FEAR, HOWEVER, THAT MOSCOW WILL NOT BE DETERRED BY SUCH ARGUMENT FROM SEEKING TO EXTRACT CONCESSIONS ON BROADER QUESTIONS OF RELATIONS IN THE ARCTIC, INCLUDING OFF-SHORE OPERATIONS OF FOREIGN COMPANIES, TECHNOLOGICAL COOPERATION AND PERHAPS ALSO THE INTERPRETATION OF THE SVALBARD TREATY

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EXDIS

6. OUR RESERVATIONS MEANS NORWAY CAN NOT COUNT ON OUR SUPPORT FOR ITS POSITION AS PRESSURE ON THE USSR TO ACCEPT NORWAY'S INTERPRETATION OF THE SVALBARD TREATY. THE NORWEGIANS SUSPECT THAT THE USSR MAY BE WILLING TO GIVE UP ITS CLAIMED RIGHT UNDER

THE TREATY TO EXPLOIT THE CONTINENTAL SHELF, BUT IS RESERVING ITS POSITION PENDING CLARIFICATION OF WHAT THE NORWEGIANS ARE PREPARED TO OFFER. THAT, AT LEAST, WAS THE TENTATIVE INTERPRETATION OF THE SOVIET POSITION GIVEN RECENTLY BY DIRECTOR GENERAL FOR POLITICAL AFFAIRS VIBE. NOW NORWAY MAY HAVE AN ADDED INCENTIVE FOR MAKING SOME CONCESSION TO MOSCOW TO OBTAIN PRIOR SOVIET SUPPORT FOR ITS POSITION AS A MEANS OF BRINGING US AROUND LATER TO ITS INTERPRETATION OF THE SVALBARD TREATY.

7. THE NORWEGIANS HAD APPARENTLY HOPED TO BE ABLE TO ASSURE THE SOVIETS THAT NO FOREIGN FIRMS WOULD BE PERMITTED TO OPERATE ANYWHERE BETWEEN THE MAINLAND AND SVALBARD'S TERRITORIAL WATERS, AS A QUID FOR A SOVIET QUO ON DIVISION OF THE BARENTS SEA. IN THE FACE OF U.S. AND UK RESERVATIONS, NORWAY IS LIKELY TO HESITATE TO MAKE ANY SUCH BROAD COMMITMENT.

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IT REMAINS IN A POSITION, HOWEVER, TO PROMISE TO EXCLUDE DRILLING BY FOREIGN FIRMS ON THE PORTION OF THE CONTINENTAL SHELF WHICH FALLS UNQUESTIONABLY OUTSIDE THE SVALBARD TREATY AREA. SINCE SUCH A COMMITMENT WOULD COVER THE AREA OF GREAT-EST IMMEDIATE COMMERCIAL INTEREST, BEING BEYOND THE LIMITS OF PACK ICE, IT COULD APPEAL TO MOSCOW.

8. THE IMPACT OF U.S. AND PERHAPS UK RESERVATIONS MAY NOT BE DISCERNIBLE RIGHT AWAY. FACED WITH SO MANY UNDERTAINITIES, NEITHER THE USSR NOR NORWAY APPEARS IN ANY GREAT HURRY TO OPEN NEGOTIATIONS. THE BALL IS IN THE SOVIET COURT BUT THE NORWEGIANS FIND IT NORMAL THAT THE USSR SHOULD HESITATE TO NAME A DAY FOR THE NEGOTIATIONS GIVEN THE INCONCLUSIVE RESULTS OF THE CARACAS LAW OF THE SEA CONFERENCE AND THE PRESSURE IN NORWAY FOR UNILATERALLY EXTENDING ITS FISHING LIMITS. AMBASSADOR ROMANOVSKY MAY BRING GUIDANCE WITH HIM WHEN HE RETURNS FROM MOSCOW AROUND MID-OCTOBER. BUT NORWEGIAN OFFICIALS NOW SPEAK OF A ONE-WEEK TECHNICAL MEETING AT THE END OF NOVEMBER AT THE EARLIEST, WHICH WILL MERELY SET THE FRAMEWORK OF NEGOTIATIONS LIKELY TO DRAG ON FOR SOME TIME.

9. EVEN THOUGH EXPOITATION OF THE SVALBARD SHELF MAY NOT BECOME ADMINISTRATIVELY AUTHORIZED FOR SOME YEARS, WE FEEL SURE THAT PRESSURE FOR OPERATING THERE WILL COME SOONER THAN WE THINK, ESPECIALLY IF OIL IS FOUND ON THE NORTH NORWEGIAN SHELF IN THE BARENTS SEA AND THE FAVORABLE FINANCIAL TERMS OF THE SVALBARD TREATY ARE FOUND TO APPLY. GIVEN THE PRESSURE ON CORPORATIONS TO ENSURE THEMSELVES OF ADEQUATE SOURCES OF SUPPLY FAR IN THE FUTURE, WE SHOULD BE PREPARED TO SEE FOREIGN FIRMS APPROACHING THE NORWEGIANS FOR EXPLORATION CONCESSIONS, AT WHICH POINT THE ISSUE WITH NORWAY OVER INTERPRETATION OF THE SVALBARD TREATY WILL BE SHARPENED. WE SHOULD USE THE TIME AVAILABLE TO US TO ASCERTAIN WHERE OUR REAL INTERESTS LIE AND WHETHER WE SHOULD DO SOMETHING MORE POSITIVE TO PROTECT THEM.

10. THERE ARE A NUMBER OF SPECIFIC ACTIONS WHICH WE BELIEVE THE DEPARTMENT SHOULD EXPLOYE AS SOON AS POSSIBLE
A) WEIGH OUR SECURITY, COMMERCIAL AND OTHER INTERESTS IN THE SVALBARD-BARENTS SEA REGION IN ORDER

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TO DECIDE WHETHER WE SHOULD CLAIM EXPLOITATION RIGHTS ON THE CONTEINENTAL SHELF UNDER THE TREATY. B) ON THE OTHER HAND, IF WE DECIDE OUR INTEREST LIE IN ACCEPTING THE NORWEGIAN INTERPRETATION OF THE TREATY, WE MIGHT CONSIDER EXACTING SOME

PRICE FOR OUR SUPPORT. WE MIGHT WISH, FOR EXAMPLE TO RECEIVE SOME COMMITMENT FROM NORWAY THAT IT WOULD ALLOW AMERICAN FIRMS TO OPERATE UNDER GENERAL NORWEGIAN CONTROL IN THE AREA BETWEEN THE MAINLAND AND SVALBARD. C) KNOWING THAT THE COMMERCIAL ACTIVITY ON SVALBARD SHELF IS INEVITABLE WE COULD ENCOURAGE NORWAY TO BEGIN TO ASSUME ITS MANAGEMENT RESPONSIBILITIES BY EXPLORING EITHER JOINTLY OR IN CONCERT WITH INTERESTED NATIONS THE SCIENTIFIC, ENVIRONMENTAL, COMMERCIAL, ADMINISTRATIVE AND SECURITY PROBLEMS LIKELY TO ARISE. D) WE MIGHT ALSO CONSIDER UNDER WHAT CONDITIONS OFF-SHORE COMMERCIAL OPERATION IN THE TREATY AREA MIGHT BE MADE ATTRACTIVE TO THE USSR, THE U.S., NORWAY AND OTHER PARTIES. THERE ARE INTERESTS IN TRADE-OFFS IN RESOURCES, TECHNOLOGY AND DETENTE POLITICS WHICH COULD BE MATCHED TO SHAPE A MULTILATERAL APPROACH TO THIS AREA, INDEED TO THE ARCTIC GENERALLY, WHICH ARE WELL WITHIN THE SPIRIT OF THE SVALBARD TREATY.

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